(a) whether consequent upon reduction in cost of crude in international market, the prices of Aviation Fuel have been reduced by around 16 per cent;

(b) if so, what steps have been taken to pass the benefit accruing therefrom to the passengers and other aviation users, by way of reduction in fares and freights; and

(c) how far the benfit is sought to be utilized and allowed to be used to set off the losses suffered by the Civil Aviation companies suffered by them in the past?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) Aviation Turbine Fuel (ATF) is a deregulated product. ATF price revisions are determined by the public sector Oil Marketing Companies on commercial considerations based on international prices of jet Fuel. Presently ATF price has come down to almost 50% of the peak in August, 2008.

(b) and (c) Air fares are not being regulated by the Government. Airlines are free to charge air fares as per the market forces. Now, with decreasing prices of ATF the Airlines have started reducing fares. However, Airlines are also affected by the global financial downturn of the economy.

LCC plan of NACIL

†1572. SHRI LALIT KISHORE CHATURVEDI: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether even after the merger of Indian Airlines and Air India, the Low Cost Carrier(LCC) scheme has not yet been implemented;

(b) what is its effect on the domestic traffic of the new company National Aviation Company of India Ltd.(NACIL);

(c) whether by operating the LCC Plan the companies like Kingfisher are attracting the customers and are expanding scope of their business; and

(d) the reasons for not implementing the LCC Scheme by the NACIL?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) Air India Express (AIE), a low cost/low fare carrier was launched by Air India Charters Limited, a wholly owned subsidiary of erstwhile Air India and it commenced its operations from 29.4.2005. Presently, it operates more than 150 flights per week to the Gulf, Middle East and South East Asia.

(b) Majority of the operations of Air India's LCC subsidiary, AIE are on the international routes and it has very minimal presence on the domestic routes. As such, there is no effect on the domestic traffic of NACIL due to Air India Express.

(c) In airline industry, expansion of scope of business is dependent upon various factors like fare, services offered, induction of capacity etc. and each airline adopts its product strategy keeping such factors into consideration of its business.

(d) Does not arise in view of reply to (a) above.

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†Original notice of the question was received in Hindi